

Table 5-4. Scheduled Tax Rates for Tier 1 and Tier 2

Selected Years, 1975—2011

Year	Tier 1			Tier 2			Combined ^a	
	Employer	Employee	Wage Base ^b	Employer	Employee	Wage base	Employer	Employee
1975	5.85	5.85	\$14,100	9.5	0.0	\$14,100	15.35	5.85
1980	6.13	6.13	25,900	9.5	0.0	20,400	15.63	6.13
1985	7.05	7.05	39,600	13.75	3.50	29,700	20.80	10.55
1986	7.15	7.15	42,000	14.75	4.25	31,500	21.90	11.40
1987	7.15	7.15	43,800	14.75	4.25	32,700	21.90	11.40
1988	7.51	7.51	45,000	16.10	4.90	33,600	23.61	12.41
1989	7.51	7.51	48,000	16.10	4.90	35,700	23.61	12.41
1990	7.65	7.65	51,300	16.10	4.90	38,100	23.75	12.55
1991	7.65	7.65	53,400	16.10	4.90	39,600	23.75	12.55
1992	7.65	7.65	55,500	16.10	4.90	41,400	23.75	12.55
1993	7.65	7.65	57,600	16.10	4.90	42,900	23.75	12.55
1994	7.65	7.65	60,600	16.10	4.90	45,000	23.75	12.55
1995	7.65	7.65	61,200	16.10	4.90	45,300	23.75	12.55
1996	7.65	7.65	62,700	16.10	4.90	46,500	23.75	12.55
1997	7.65	7.65	65,400	16.10	4.90	48,600	23.75	12.55
1998	7.65	7.65	68,400	16.10	4.90	50,700	23.75	12.55
1999	7.65	7.65	72,600	16.10	4.90	53,700	23.75	12.55
2000	7.65	7.65	76,200	16.10	4.90	56,700	23.75	12.55
2001	7.65	7.65	80,400	16.10	4.90	59,700	23.75	12.55
2002	7.65	7.65	84,900	15.60	4.90	63,000	23.25	12.55
2003	7.65	7.65	87,000	14.20	4.90	64,500	21.85	12.55
2004	7.65	7.65	87,900	13.10	4.90	65,100	20.75	12.55
2005	7.65	7.65	90,000	12.60	4.40	66,900	20.25	12.05
2006	7.65	7.65	94,200	12.60	4.40	69,900	20.25	12.05
2007	7.65	7.65	97,500	12.10	3.90	72,600	19.75	11.55
2008	7.65	7.65	102,000	12.10	3.90	75,900	19.75	11.55
2009	7.65	7.65	106,800	12.10	3.90	79,200	19.75	11.55
2010	7.65	7.65	106,800	12.10	3.90	79,200	19.75	11.55
2011	7.65	7.65 ^c	106,800	12.10	3.90	79,200	19.75	11.55

Source: U.S. Railroad Retirement Board.**Notes:**

- a. The combined rate applies only up to the tier 2 maximum wage base; wages above the tier 2 maximum wage base are subject only to the tier 1 rate, up to the higher tier 1 maximum wage base.
- b. Earnings bases are monthly through 1984 and annual for 1985 and later. October 1, 1973 was the effective date for the allocation of railroad retirement taxes by tiers: The tier 1 tax rate was set equal to the Social Security tax rate. The wage base for the 1.45-percent hospital insurance tax, included in the 7.65-percent tier 1 rate, is \$125,000 in 1991, \$130,200 in 1992, \$135,000 in 1993, and no limit in 1994 and later.

- c. In 2011, a payroll tax holiday reduces the tax rate for employees and the self-employed by 2 percentage points. The trust funds receive general revenue equivalent to the reduction in revenue.